

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

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**Mail Processing Network Rationalization  
Service Changes, 2012**

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**Docket No. N2012-1**

**AMERICAN POSTAL WORKERS UNION, AFL-CIO,  
MOTION TO COMPEL RESPONSES TO APWU  
INTERROGATORIES APWU/USPS-39-42  
(April 18, 2012)**

On April 6, 2012, the American Postal Workers Union, AFL-CIO (APWU), propounded institutional interrogatories APWU/USPS-39-42 on the Postal Service. On April 16, 2012, USPS filed objections to these interrogatories. APWU hereby respectfully moves the Commission to compel the Postal Service to respond to interrogatories APWU/USPS-39-42.

**APWU Interrogatories Seek Information Necessary and Relevant to Rebuttal**

The Postal Service objects to these interrogatories claiming that they “clearly seek no information relevant to the service changes at issue in this docket.” This objection is baseless. Commission rules “allow discovery reasonably calculated to lead to admissible evidence during a noticed proceeding.” See 39 CFR 3001.25(a). The information requested in interrogatories APWU/USPS-39-42 is highly relevant to the Commission’s review in this docket and are designed for the purpose of developing rebuttal testimony pursuant to Rule 25(a). The Postal Service mischaracterizes these discovery requests as seeking information necessary to “the relative merits of PVS vs HCR service” which “are not necessary to determining whether the Postal Service’s proposal is consistent with the applicable policies of title 39.” However, what is sought by interrogatories APWU/USPS-39-42 is information relevant to the transportation cost and savings estimates submitted by the Postal Service in support of its network rationalization proposal. As detailed more fully below, this inquiry is clearly relevant and

necessary to determining whether the Postal Service's proposal is consistent with the policies of Title 39.

The Postal Service proposes in this docket unprecedented changes to postal services. The USPS transportation network and fleet arrangement will necessarily be impacted. The Postal Service projects that it will save \$100 million as a result of converting PVS sites to HCRs under its network rationalization plan.<sup>1</sup> The information requested in interrogatories APWU/USPS-39-42 will enable APWU to challenge the methodologies used to obtain this estimate and the predicted savings on rebuttal.

APWU is aware that in individual highway contracting decisions over the years the Postal Service has misallocated costs incurred to administer HCR contracts to labor distribution categories (LDCs) and to overhead costs that are included in the PVS costs. If this practice is continuing, a disproportionate amount of procurement costs will fall into the costs associated with PVS and will not show up in the HCR costs. APWU/USPS-39 seeks the titles and counts of employees responsible for HCR procurement and management to show that the costs are not zero as the Postal Service assumes in its cost and savings calculations. This information also will enable APWU to present an estimate of some of the administrative costs that have not been included in the Postal Service projections. This will allow APWU to rebut the transportation savings relied upon by the Postal Service in support of its network rationalization plan at issue in this docket. In an effort to help resolve this discovery dispute, APWU is willing to revise this interrogatory as follows:

APWU/USPS-39 Provide the labor distribution code for the postal personnel who are responsible for the procurement and management of HCR contracts and the compensation costs, including all allocable servicewide costs associated with these personnel.

APWU will accept a response to either the original or revised interrogatory APWU/USPS-39, as they both seek essentially the same relevant information, though in different formats.

APWU/USPS-40 seeks information that will enable APWU to ascertain whether HCR administrative costs are including in the PVS cost numbers provided in this case.

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<sup>1</sup> Tr. 5/1815.

If the Postal Service is including costs in the PVS numbers that should be categorized as HCR costs, then the cost savings estimates from converting PVS sites to HCRs are overstated accordingly. Similarly, APWU/USPS-41 requests information necessary to permit the APWU to show on rebuttal that HCR procurement and administrative costs are not being used in determining the HCR costs per mile. Given the Postal Service assertion that HCR costs per mile are less than PVS costs per mile and that the network rationalization plan allows it to convert PVC to HCR, a rebuttal of the transportation costs savings presented by the Postal Service is clearly relevant.

The Postal Service interposed a separate objection to APWU/USPS-42 claiming that it seeks information that “in and of itself” “has no bearing on the Postal Service’s direct case” and expresses difficulty in understanding how this information will inform the Commission’s decision. Postal Service reservations aside, APWU intends to use the information sought in interrogatory APWU/USPS-42, along with the information requested in interrogatories APWU/USPS-T6-28 and 29,<sup>2</sup> to present rebuttal testimony concerning the methodologies and assumptions used regarding the costs of PVS relative to HCRs. APWU expects the information provided in response to these interrogatories to permit rebuttal testimony that will demonstrate that the Postal Service’s comparison of an average PVS route to an average HCR is not reasonable. This will show that cost and savings calculations that rely on such comparisons are invalid.

Though the Postal Service claims that costs are not a relevant inquiry for the Commission in this docket, postal costs are themselves policies to be reviewed under Section 3661. For example, Section 3691(c)(6) requires that when determining to change service standards the Postal Service take into account “the current and projected future costs of serving Postal Service customers.” Section 101 of Title 39 details policies relating to the provision of efficient services and ensuring that the costs of “establishing and maintaining the Postal Service” are not apportioned to impair the value of the services rendered to the public. Moreover, nothing in Title 39 permits the Postal Service to cut services arbitrarily; the reduction in service must be balanced

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<sup>2</sup> See APWU Motion to Compel Responses to APWU/USPS-T6-28, 29, 31-33 and 36, filed April 18, 2012.

against the resultant savings and other policies in the Act. The information requested in APWU/USPS-39-42 is relevant to this inquiry because it speaks directly to the estimated transportation cost reductions and projected savings offered by the Postal Service to justify the proposed reduction in service. The information sought by APWU will enable it to rebut the Postal Service estimates and methodologies.

**Conclusion**

For the foregoing reasons, APWU respectfully requests that the Commission move to compel the Postal Service to provide responses to APWU/USPS-39-42 immediately. Furthermore, since rebuttal testimony is scheduled to be submitted on Monday, April 23, 2012 and the Postal Service took the entire 10 days allowed under the rules before objecting, APWU requests that the Commission require the Postal Service to provide its response to this Motion within two days of the date of the filing of this Motion and that the Commission's order compelling responses to these interrogatories require that the responses be provided within five days of the date of the order.

Respectfully submitted,

Darryl J. Anderson  
Jennifer L. Wood  
Counsel for American Postal Workers Union, AFL-CIO

**Attachment to APWU Motion to Compel Responses to  
APWU Interrogatories APWU/USPS-39-42**

**APWU/USPS-39.** Provide a list of titles of postal personnel who are responsible for the procurement and management of HCR contracts and the number of people in those positions.

**APWU/USPS-40.** Provide the total number of annual hours associated with the network or transportation specialists and the network supply management personnel associated with oversight of the HCR contracts (in the continental U.S.). Under which LDCs are these hours counted? In which category or categories of personnel are these personnel shown in the National Payroll Summary?

**APWU/USPS USPS-41.** Provide a list of all costs associated with HCR procurement.

**APWU/USPS-42.** Provide the total number of HCR contracts currently in effect and the total number of miles and hours of operation associated with those contracts (in the continental U.S.).